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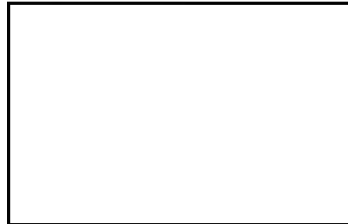
**Top Secret** 233

(Security Classification)

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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday September 21, 1976

CI NIDC 76-222C



**NATIONAL SECURITY INFORMATION**

Unauthorized Disclosure Subject to Criminal Sanctions

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State Dept. review completed

**Top Secret**

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National Intelligence Daily Cable for Tuesday, September 21, 1976

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The NID Cable is for the purpose of informing senior US officials.

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LEBANON: Situation Report

25X1 [ ] The Syrians and Lebanese leftists traded propaganda charges yesterday, each blaming the other for the breakdown Sunday of the tripartite negotiations at Shaturah. The sharp Syrian attack was probably meant as a veiled threat to resort to military force if the Palestinians do not agree to withdraw unconditionally from the Mount Lebanon area.

25X1 [ ] //Syrian President Asad is unlikely to resume military operations until after president-elect Sarkis' inauguration on Thursday and may wish to give the new president at least one more opportunity to obtain a political settlement after he assumes office.//

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25X1 [redacted] The Syrian media yesterday also accused the Sadat government once more of responsibility for the Lebanese civil war and of sabotaging the talks at Shaturah to perpetuate the fighting.

25X1 [redacted] Fighting in Beirut has taken another turn for the worse over the past few days, raising some concern about the ability of Arab League forces to provide adequate security for Sarkis' swearing-in ceremony. His inauguration apparently is scheduled to take place at the national museum, which is located only 100 yards from the front line. [redacted]

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#### CHINA: Reconfirming Foreign Policy

25X1 [redacted] Since the death of Mao Tse-tung, the Chinese leadership has moved quickly to reconfirm the general outline of Chinese foreign policy, especially toward the US and the USSR.

25X1 [redacted] The Chinese have used several occasions since Mao's death to reiterate the importance they attach to relations with the US. They have also made it clear that they remain displeased with some aspects of US foreign policy, such as the continuation of the US policy of "detente" with the USSR.

25X1 [redacted] Both the official announcement of Chairman Mao's death and Premier Hua Kuo-feng's eulogy for Mao on Saturday included statements of China's intention to "resolutely" carry out Mao's "revolutionary line and policies in foreign affairs," a euphemism for China's diplomatic opening to the US. The statements also included sharp criticism of the USSR, calling the Soviets a "renegade clique" at the core of "modern revisionism."

25X1 [redacted] The Chinese press quickly published President Ford's letter of condolence in which he reaffirmed determination to complete the normalization of Sino-US relations. Chinese media also replayed the President's statement to US newsmen on Mao's death.

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[ ] These moves contrast with China's rejection of the condolatory message from the Soviet party Central Committee--on the grounds that the Chinese "have no relations" with the Soviet party. The Chinese also allowed several days to pass before they publicly acknowledged that two Soviet Politburo members had expressed condolences at the Chinese embassy in Moscow.

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[ ] Heated anti-Soviet propaganda has continued to appear in Chinese media since Mao's death, focusing on the general theme of Soviet "expansionism." This treatment of this sensitive issue is clearly designed to counter speculation that Chinese policy toward the USSR is likely to change now that Mao is gone.

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[ ] The Chinese have extended exceptionally cordial treatment to former secretary of defense Schlesinger. The reinstatement of Schlesinger's tour of the Chinese hinterland--a trip which included visits to a number of places close to the Soviet border and which the Chinese had initially said would have to be canceled when Mao died--appears to have been prompted by anti-Soviet considerations.

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[ ] //Conversely, the Chinese have used Schlesinger's visit, which began three days before Mao died, to register disapproval of some aspects of US policy, particularly US-Soviet "detente." Schlesinger's views of "detente" with the USSR have long been welcomed in China.//

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[ ] //Chinese Ambassador to the UN Huang Hua was explicit in his attacks on "detente" during a talk with Ambassador Scranton, who called last week at the Chinese mission to express condolences on Mao's death. Huang reiterated standard Chinese warnings that "detente" might hasten war rather than prevent it, and deplored the fact that "some European countries" were not standing up to the Soviets.//

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[ ] //Another indication of continuing Chinese pique with the US was the perfunctory treatment of Secretary Kissinger in media coverage of foreign tributes paid to the late Chairman. The Chinese did not publish the Secretary's statement after Mao's death, and he was given no special prominence in Chinese coverage of condolence calls paid by senior US officials to the Chinese mission in Washington.//

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25X1 [ ] //These low-key indications of unhappiness with the US appear to reflect dissatisfaction with several aspects of US policy rather than a harbinger of an abrupt change of course. Surfacing of these sentiments at the moment when both architects of the Sino-US rapprochement--Mao and Chou--have passed from the scene, however, may be designed to warn Washington that, although a relatively close relationship with the US still has the support of most leaders, critics at home could gain the upper hand if progress toward that goal is not made soon.// [ ]

MALTA: Mintoff's Party Wins Election

25X1 [ ] Maltese Prime Minister Mintoff's Labor Party won a close but decisive victory over the opposition Nationalists in the parliamentary election on Friday and Saturday.

25X1 [ ] The final vote count is expected to give Labor about 52 percent, which will translate into a three-seat majority for Mintoff in the new parliament. This is more than enough to guarantee the continuation of a strong Labor government for the next five years, given Mintoff's tight control of his party and the unwavering loyalty of the Laborites in parliamentary votes.

25X1 [ ] The result is a personal triumph for Mintoff, and he will interpret it as a mandate to continue his controversial foreign policy aimed at avoiding alignment with either the US or USSR. Since taking office in 1971, Mintoff has gradually loosened Malta's traditional ties to the UK and NATO and has sought to extract bilateral pledges of economic assistance and guarantees of Maltese neutrality from the island's Arab and European neighbors.

25X1 [ ] In recent months, Mintoff has directed his appeal mainly to France, Italy, Libya, and Algeria. France and Italy have temporized, but Libyan President Qadhafi and Algerian President Boumediene gave public pledges of support in late August.

25X1 [ ] With the election behind him, Mintoff is likely to push harder for commitments from the French and Italians. Some Italian officials, including Rome's ambassador to Malta, are reportedly lobbying in behalf of Mintoff, but the Andreotti government is probably too preoccupied with domestic problems to formulate an official response anytime soon.

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UK: Import Controls Likely

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[REDACTED] //The Labor government has agreed to a trade union request to set import ceilings on selected foreign goods, according to a Trades Union Congress official.//

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[REDACTED] //There was no immediate government confirmation of the union statement, which was made following a meeting between union and government officials, including Prime Minister Callaghan. The government has until now resisted union demands for import controls because it fears that foreign retaliation will undermine prospects for Britain's export-led recovery.//

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[REDACTED] //Union pressure to take some action is strong because of the continuing rise in unemployment, currently at a postwar record of 1.5 million. Earlier this month, the annual meeting of the Trades Union Congress unanimously passed a motion urging the immediate imposition of selective controls.//

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[REDACTED] //The latest unemployment figures will be announced today, and the jobless picture is expected to remain grim. Action on selective controls would demonstrate the government's desire to prevent the loss of jobs to "unfair" foreign competition.//

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[REDACTED] //The Trades Union Congress spokesman said the government would announce import ceilings for 35 sectors of British industry in a few weeks. Fear that Britain's trading partners will retaliate, however, may cause the government to set import ceilings artificially high so as to have only a minor impact.//

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[REDACTED] //Last December, the Labor government imposed some token controls on textiles, footwear, and TV sets and tubes, which amounted to only 1 percent of total British imports.//

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[REDACTED] //Automotive imports continue to be a problem for the British. Imported cars accounted for one third of the total sales last year and continue to take a large share of the market. The British have been particularly bothered by Japanese automobile imports.//

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[ ] //Import controls would have to be approved by the EC. In the past, the Community has approved selective controls for other members on the grounds of exceptional circumstances. The EC would probably reluctantly agree to a UK request. [ ]

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#### NORTH KOREA: Withdrawing UN Resolution

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[ ] North Korea, in a sudden turnabout, has instructed its supporters in the UN to withdraw from the provisional agenda of the UN General Assembly the draft resolution favoring the North on the Korea question, according to press reports.

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[ ] The North Koreans may have detected some weakening in the support for their position at the UN this fall. Last year two conflicting Korean resolutions were passed, and the North was hoping to build enough momentum this year to achieve an outright defeat of the South.

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[ ] A number of recent developments, however, have improved the prospects for passage again of South Korea's resolution. These include:

--The unusual display of dissent registered by 23 countries against a harshly worded North Korean resolution submitted at the nonaligned conference in Sri Lanka.

--The improved pro-South lobbying effort.

--The confrontational language of the draft UN resolution submitted this year by the North.

--The adverse publicity stemming from the Panmunjon incident in mid-August.

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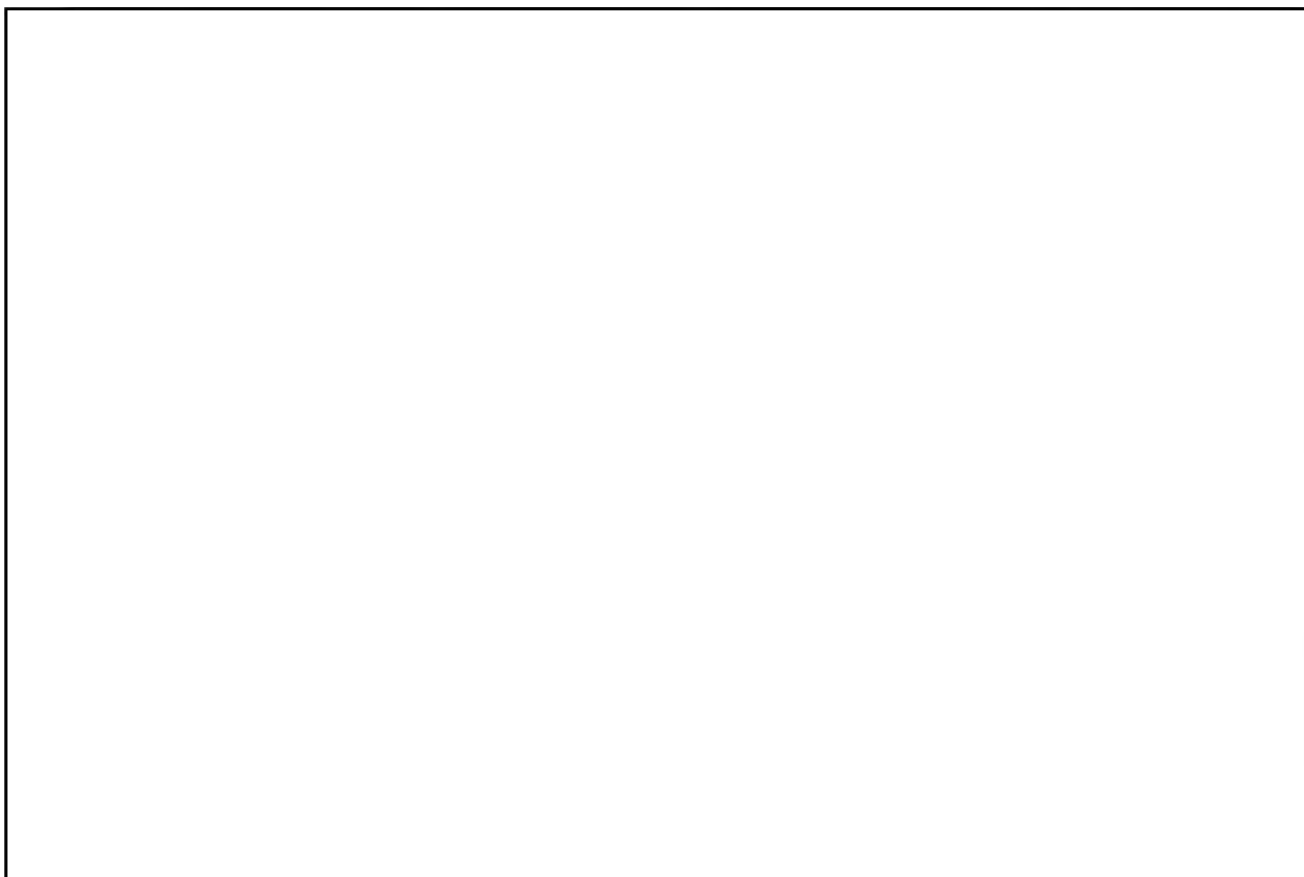
[ ] North Korea may also have sensed that there was growing sentiment at the UN this year for a deferral of debate on the perennially contentious Korea issue. The backers of the pro-South resolution will probably also move to withdraw their item from the agenda.

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[ ] Although the move to defer debate runs sharply counter to their original goal, the North Koreans will likely point to the decision as evidence that they are the more responsible party and are seeking to take a reasonable approach to the Korea issue. They took a similar approach when they put forward their proposal last month to separate military personnel in the Joint Security Area at Panmunjom. [ ] -CIA, DIA, NSA-

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VIETNAM: UN Membership

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[ ] The UN Security Council's agreement to postpone consideration of Vietnam's admission to the UN has drawn little reaction from either Vietnam or its Southeast Asian neighbors. Although members of the Association of Southeast Asian Nations

were prepared to vote for the admission of Vietnam in the General Assembly if the Security Council had approved its application, none of them appeared willing to lobby actively on Vietnam's behalf.

25X1 [ ] By the time the postponement was announced, the ASEAN governments had backed away from an earlier interest in addressing the Security Council in support of Vietnam, but they had tentatively agreed to speak in favor of Vietnam's application in the General Assembly.

25X1 [ ] Vietnam continues to be distrusted by its ASEAN neighbors--a distrust sharpened by Vietnam's part in the communist attack last month on Malaysia's proposal at the non-aligned conference in Sri Lanka for a zone of "peace, freedom, and neutrality" in Southeast Asia. Their pique over that incident, however, has had little impact on their decisions to support Vietnamese membership in the UN and in other international bodies.

25X1 [ ] The Southeast Asians clearly are seeking a middle ground that will both avoid antagonizing Vietnam and yet not make them appear too eager to appease the Vietnamese. At the same time, they are both sensitive to US problems and anxious to appear independent of US influence.

25X1 [ ] Vietnam has welcomed the Security Council's agreement to postpone consideration of its application until November. Hanoi radio on Thursday briefly noted that Vietnam, "in order to express its good will," did not object to the French proposal to defer action.

25X1 [ ] Vietnam's release of the names of 12 Americans missing in action was clearly a last-minute attempt to stave off the expected veto. Its purpose in publishing the exchange of notes with the US on September 13 was to place the onus on the US for the failure to open bilateral discussions and to blunt the MIA issue.

25X1 [ ] Vietnam asserted that the two sides had already agreed to discuss matters of interest to both parties, including MIAs and normalization of relations, as well as US reconstruction aid, which, in fact, the US has never agreed to discuss.

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[REDACTED] The Vietnamese at present are probably not prepared to be more forthcoming on the MIA issue, which they undoubtedly still view as their only important leverage with the US. Vietnam probably will continue to link US reconstruction aid with the resolution of the MIA issue, at least until the Vietnamese have had time to assess US policy after the November election.

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PANAMA: More Student Demonstrations

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[REDACTED] //The clash in Panama yesterday between National Guard troops and anti-government university students indicates that the government's charges of US responsibility for last week's rioting have not yet redirected student protest.//

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[REDACTED] Riot troops using tear gas and shotguns clashed with several hundred university students carrying signs protesting government repression and the high cost of living. About 80 students were arrested; some were reportedly injured. University classes were suspended to avoid further trouble.

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[REDACTED] //This was the first major involvement of university groups in the week-old protests, which were incited largely by high school demonstrators. The clash also suggests that the government's strong show of force and preventive arrests--which kept demonstrators off the streets last Thursday and Friday--may be losing their effectiveness.//

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[REDACTED] //The government may still face problems at the secondary level as well. Representatives of the nation's largest high school, controlled by anti-government factions, refused to attend the recent official dialogue between Vice President Gerardo Gonzalez and student leaders.//

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[REDACTED] //If university and high school groups unite, government strongman Omar Torrijos may have to repress the very student movement that he has counted on as one of the pillars of support for his "revolutionary" government.//

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GUATEMALA-BELIZE: Talks and Saber Rattling

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[REDACTED] //British and Guatemalan negotiators are meeting in Panama today and tomorrow to work on a draft treaty to settle the territorial dispute over the self-governing British colony of Belize. The talks are the latest in a long series held among the three parties involved in the dispute. Little progress is likely to be made on solving the key issue of a territorial cession to Guatemala.//

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[REDACTED] //The Guatemalan military is holding military exercises near the Belize border with the apparent intention of influencing the outcome of the talks. The exercises, which involve practice parachute drops, live firing training, and patrol boat maneuvers, are probably no more than saber rattling. Nonetheless, the possibility of a Guatemalan military strike into southern Belize should the talks end in acrimony cannot be discounted.//

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[REDACTED] //Guatemalan President Laugerud recently told a visiting US State Department official that his negotiators in Panama will bring up the territorial question in the expectation that the UK will eventually make counterproposals. He said that Guatemala is prepared to give up its claim to the majority of the colony and settle instead for a portion of the south. Laugerud emphasized that Guatemala needs a piece of Belizean territory to save face.//

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[REDACTED] //Laugerud said that if the talks should fail and the UK were to grant unilateral independence to Belize, he would have no recourse but to take military action against Belize. He noted, however, that Guatemala wanted to take all possible steps to avoid hostilities. [REDACTED]  
-CIA, DIA, NSA-

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JAMAICA: Aluminum Negotiations

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[REDACTED] Jamaica reportedly is nearing a settlement of its two-year contract dispute with three US aluminum companies.

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[REDACTED] The dispute centers around Jamaican demands that the companies renegotiate contracts permitting Jamaica to purchase

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[redacted]

up to 51 percent of each company's bauxite operation and allowing reversion to Jamaica of unexploited bauxite reserves in excess of 25 years' needs. Jamaica also wants the companies to ratify a 600-percent increase in taxes on bauxite and alumina production and minimum output levels.

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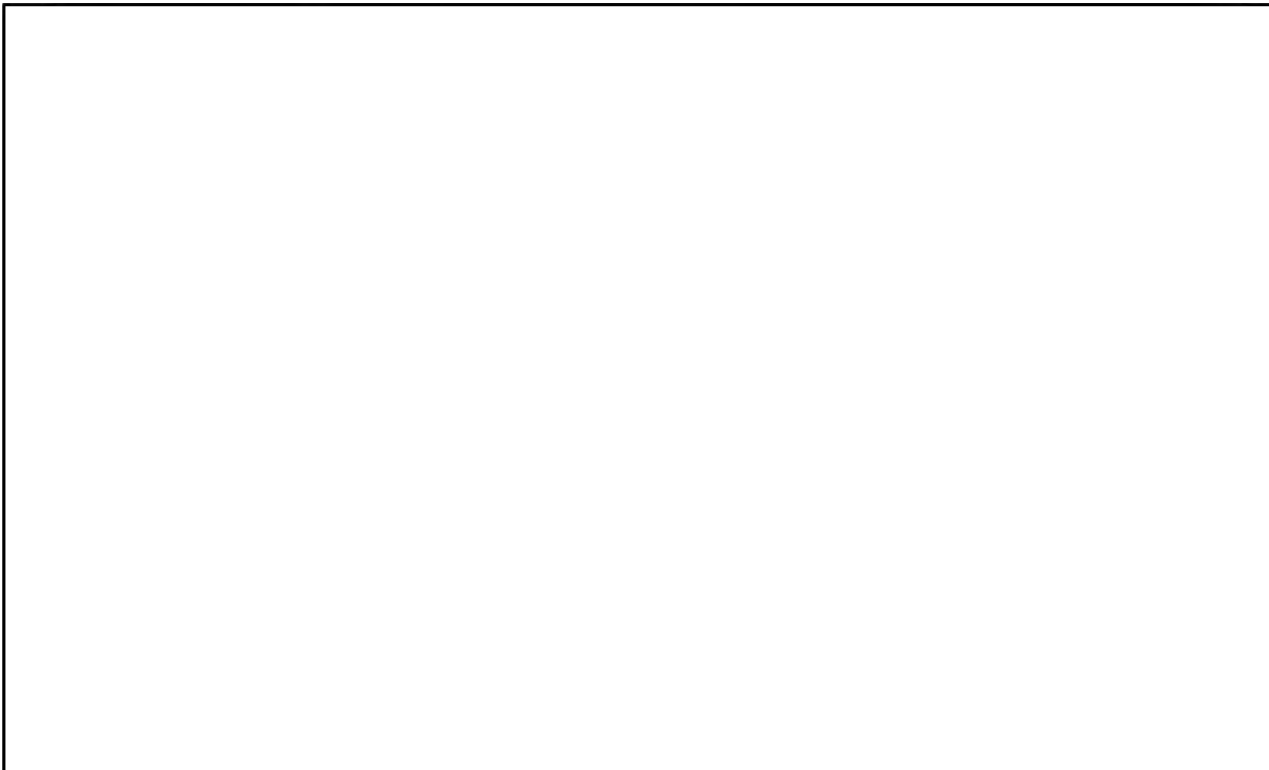
[redacted] Jamaica reached preliminary agreement with Alcoa last week, and a final accord is expected to be signed in October. Jamaica has already reached agreements in principle with the remaining two companies, Kaiser and Reynolds, which are now pressing for final settlement. Details of the agreements were not announced.

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[redacted] Prime Minister Manley is anxious for early ratification of his demands in order to enhance his candidacy in the elections, expected by early 1977. The companies favor early agreements because they believe Manley would take a tougher stand following an election victory. [redacted]

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EAST GERMANY: Church-State Relations

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[REDACTED] A politically provocative sermon read Sunday by Protestant pastors has heightened tensions between church and state in East Germany.

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[REDACTED] The sermon was approved last week by Evangelical bishops, who had been shaken by the public immolation last month of one of their pastors who had taken an active interest in youth affairs. The bishops not only repudiated the regime's contention that the suicide was the act of a demented man, but also called upon the church to bear "political witness" and criticized its own past silence on problems in East German society. The sermon's outspoken appeal to stand "unequivocally and more convincingly" on the side of youth will increase unease in the party hierarchy.

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[REDACTED] The party would probably prefer to avoid an open polemic with the church. [REDACTED]

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[REDACTED] Party leaders will probably fall back on the familiar tactic of attempting to divide church ranks by encouraging pro-government church leaders to express their opposition to the stand of the bishops. [REDACTED]

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